

Bur. of Consumer Financial Protection

Pt. 1026, App. H

G-24—DEFERRED INTEREST OFFER CLAUSES

(a) For Credit Card Accounts Under an Open-End (Not Home-Secured) Consumer Credit Plan

[Interest will be charged to your account from the purchase date if the purchase balance is not paid in full within the/by [deferred interest period/date] or if you make a late payment.]

(b) For Other Open-End Plans

[Interest will be charged to your account from the purchase date if the purchase balance is not paid in full within the/by [deferred interest period/date] or if your account is otherwise in default.]

G-25(A)—CONSENT FORM FOR OVER-THE-CREDIT LIMIT TRANSACTIONS

Your Choice Regarding Over-the-Credit Limit Coverage

Unless you tell us otherwise, we will decline any transaction that causes you to go over your credit limit. If you want us to authorize these transactions, you can request over-the-credit limit coverage.

If you have over-the-credit limit coverage and you go over your credit limit, we will charge you a fee of up to \$35. We may also increase your APRs to the Penalty APR of XX.XX%. You will only pay one fee per billing cycle, even if you go over your limit multiple times in the same cycle.

Even if you request over-the-credit limit coverage, in some cases we may still decline a transaction that would cause you to go over your limit, such as if you are past due or significantly over your credit limit.

If you want over-the-limit coverage and to allow us to authorize transactions that go over your credit limit, please:

- Call us at [telephone number];
- Visit [Web site]; or
- Check or initial the box below, and return the form to us at [address].

☐ I want over-the-limit coverage. I understand that if I go over my credit limit, my APRs may be increased and I will be charged a fee of up to \$35. [I have the right to cancel this coverage at any time.]

☐ I do not want over-the-limit coverage. I understand that transactions that exceed my credit limit will not be authorized.]

Printed Name: _____
Date: _____
[Account Number]: _____

G-25(B)—REVOCATION NOTICE FOR PERIODIC STATEMENT REGARDING OVER-THE-CREDIT LIMIT TRANSACTIONS

You currently have over-the-credit limit coverage on your account, which means that we pay transactions that cause you to go over your credit limit. If you do go over your

credit limit, we will charge you a fee of up to \$35. We may also increase your APRs. To remove over-the-credit-limit coverage from your account, call us at 1-800-xxxxxxx or visit [insert Web site].

[You may also write us at: [insert address].]

[You may also check or initial the box below and return this form to us at: [insert address].]

☐ I want to cancel over-the-limit coverage for my account.

Printed Name: _____
Date: _____
[Account Number]: _____

APPENDIX H TO PART 1026—CLOSED-END MODEL FORMS AND CLAUSES

- H-1 Credit Sale Model Form (§1026.18)
- H-2 Loan Model Form (§1026.18)
- H-3 Amount Financed Itemization Model Form (§1026.18(c))
- H-4(A) Variable-Rate Model Clauses (§1026.18(f)(1))
- H-4(B) Variable-Rate Model Clauses (§1026.18(f)(2))
- H-4(C) Variable-Rate Model Clauses (§1026.19(b))
- H-4(D) Variable-Rate Model Clauses (§1026.20(c))
- H-4(E) Fixed-Rate Mortgage Interest Rate and Payment Summary Model Clause (§1026.18(s))
- H-4(F) Adjustable-Rate Mortgage or Step-Rate Mortgage Interest Rate and Payment Summary Model Clause (§1026.18(s))
- H-4(G) Mortgage with Negative Amortization Interest Rate and Payment Summary Model Clause (§1026.18(s))
- H-4(H) Fixed-Rate Mortgage with Interest-Only Interest Rate and Payment Summary Model Clause (§1026.18(s))
- H-4(I) Adjustable-Rate Mortgage Introductory Rate Disclosure Model Clause (§1026.18(s)(2)(iii))
- H-4(J) Balloon Payment Disclosure Model Clause (§1026.18(s)(5))
- H-4(K) No Guarantee to Refinance Statement Model Clause (§1026.18(t))
- H-5 Demand Feature Model Clauses (§1026.18(i))
- H-6 Assumption Policy Model Clause (§1026.18(q))
- H-7 Required Deposit Model Clause (§1026.18(r))
- H-8 Rescission Model Form (General) (§1026.23)
- H-9 Rescission Model Form (Refinancing (with Original Creditor)) (§1026.23)
- H-10 Credit Sale Sample
- H-11 Installment Loan Sample
- H-12 Refinancing Sample
- H-13 Mortgage with Demand Feature Sample
- H-14 Variable-Rate Mortgage Sample (§1026.19(b))

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H-15 Graduated-Payment Mortgage Sample
H-16 Mortgage Sample
H-17(A) Debt Suspension Model Clause
H-17(B) Debt Suspension Sample
H-18 Private Education Loan Application
and Solicitation Model Form
H-19 Private Education Loan Approval
Model Form

H-20 Private Education Loan Final Model
Form
H-21 Private Education Loan Application
and Solicitation Sample
H-22 Private Education Loan Approval
Sample
H-23 Private Education Loan Final Sample

H-1—Credit Sale Model Form

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> <div style="text-align: right;">%</div>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> <div style="text-align: right;">\$</div>	Amount Financed <small>The amount of credit provided to you or on your behalf.</small> <div style="text-align: right;">\$</div>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> <div style="text-align: right;">\$</div>	Total Sale Price <small>The total cost of your purchase on credit, including your downpayment of</small> <div style="text-align: right;">\$ _____</div> <div style="text-align: right;">\$ _____</div>
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You have the right to receive at this time an itemization of the Amount Financed.

☐ I want an itemization. ☐ I do not want an itemization.

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due

Insurance
Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Signature
Credit Life		I want credit life insurance. <div style="text-align: right;">Signature _____</div>
Credit Disability		I want credit disability insurance. <div style="text-align: right;">Signature _____</div>
Credit Life and Disability		I want credit life and disability insurance. <div style="text-align: right;">Signature _____</div>

You may obtain property insurance from anyone you want that is acceptable to (creditor). If you get the insurance from (creditor), you will pay \$_____.

Security: You are giving a security interest in:

☐ the goods or property being purchased.

☐ (brief description of other property): _____

Filing fees \$_____ Non-filing insurance \$_____

Late Charge: If a payment is late, you will be charged \$_____/_____% of the payment.

Prepayment: If you pay off early, you

☐ may ☐ will not have to pay a penalty.

☐ may ☐ will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

e means an estimate

H-2—Loan Model Form

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. <div style="text-align: right;">%</div>	FINANCE CHARGE The dollar amount the credit will cost you. <div style="text-align: right;">\$</div>	Amount Financed The amount of credit provided to you or on your behalf. <div style="text-align: right;">\$</div>	Total of Payments The amount you will have paid after you have made all payments as scheduled. <div style="text-align: right;">\$</div>
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You have the right to receive at this time an itemization of the Amount Financed.

☐ I want an itemization. ☐ I do not want an itemization.

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due

Insurance

Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Signature
Credit Life		I want credit life insurance. <div style="float: right;">Signature _____</div>
Credit Disability		I want credit disability insurance. <div style="float: right;">Signature _____</div>
Credit Life and Disability		I want credit life and disability insurance. <div style="float: right;">Signature _____</div>

You may obtain property insurance from anyone you want that is acceptable to (creditor). If you get the insurance from (creditor), you will pay \$ _____.

Security: You are giving a security interest in:

☐ the goods or property being purchased.

☐ (brief description of other property).

Filing fees \$ _____ Non-filing insurance \$ _____

Late Charge: If a payment is late, you will be charged \$ _____ / _____ % of the payment.

Prepayment: If you pay off early, you

☐ may ☐ will not have to pay a penalty.

☐ may ☐ will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

_____ means an estimate

H-3—Amount Financed Itemization Model Form

Itemization of the Amount Financed of \$ _____

\$ _____ Amount given to you directly

\$ _____ Amount paid on your account

Amount paid to others on your behalf

\$ _____ to [public officials] [credit bureau] [appraiser] [insurance company]

\$ _____ to (name of another creditor)

\$ _____ to (other)

\$ _____ Prepaid finance charge

H-4(A)—Variable-Rate Model Clauses

The annual percentage rate may increase during the term of this transaction if:

[the prime interest rate of (creditor) increases.]
 [the balance in your deposit account falls below \$ _____.]
 [you terminate your employment with (employer) .]

[The interest rate will not increase above _____%.]
 [The maximum interest rate increase at one time will be _____%.]
 [The rate will not increase more than once every (time period) .]

Any increase will take the form of:

[higher payment amounts.]
 [more payments of the same amount.]
 [a larger amount due at maturity.]

Example based on the specific transaction

[If the interest rate increases by _____% in (time period),
 [your regular payments will increase to \$ _____.]
 [you will have to make _____ additional payments.]
 [your final payment will increase to \$ _____.]]

Example based on a typical transaction

[If your loan were for \$ _____ at _____% for (term) and the rate increased to _____% in (time period),
 [your regular payments would increase by \$ _____.]
 [you would have to make _____ additional payments.]
 [your final payment would increase by \$ _____.]]

H-4(B)—Variable-Rate Model Clauses

Your loan contains a variable-rate feature. Disclosures about the variable-rate feature have been provided to you earlier.

H-4(C)—VARIABLE-RATE MODEL CLAUSES

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on

other ARM programs is available upon request.

How Your Interest Rate and Payment Are Determined

- Your interest rate will be based on [an index plus a margin] [a formula].

- Your payment will be based on the interest rate, loan balance, and loan term.

—[The interest rate will be based on (identification of index) plus our margin. Ask for our current interest rate and margin.]

—[The interest rate will be based on (identification of formula). Ask us for our current interest rate.]

—Information about the index [formula for rate adjustments] is published [can be found] _____.

—[The initial interest rate is not based on the (index) (formula) used to make later adjustments. Ask us for the amount of current interest rate discounts.]

How Your Interest Rate Can Change

- Your interest rate can change (frequency).

- [Your interest rate cannot increase or decrease more than ____ percentage points at each adjustment.]

- Your interest rate cannot increase [or decrease] more than ____ percentage points over the term of the loan.

How Your Payment Can Change

- Your payment can change (frequency) based on changes in the interest rate.

- [Your payment cannot increase more than (amount or percentage) at each adjustment.]

- You will be notified in writing _____ days before the due date of a payment at a new level. This notice will contain information about your interest rates, payment amount, and loan balance.

- [You will be notified once each year during which interest rate adjustments, but no payment adjustments, have been made to your loan. This notice will contain information about your interest rates, payment amount, and loan balance.]

- [For example, on a \$10,000 [term] loan with an initial interest rate of _____ [(the rate shown in the interest rate column below for the year 19 _____)] [(in effect (month) (year))], the maximum amount that the interest rate can rise under this program is _____ percentage points, to _____%, and the monthly payment can rise from a first-year payment of \$ _____ to a maximum of \$ _____ in the _____ year. To see what your payments would be, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, the monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \text{_____} = \$ \text{_____}$ per month.)]

Example

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1982 to 1996. This does not necessarily indicate how your index will change in the future.

The example is based on the following assumptions:

Amount	\$10,000
Term	_____
Change date	_____
Payment adjustment	(frequency)
Interest adjustment	(frequency)
[Margin]*	_____
Caps _____ [periodic interest rate cap]	
_____ [lifetime interest rate cap]	
_____ [payment cap]	
[Interest rate carryover]	
[Negative amortization]	
[Interest rate discount]**	
Index.....(identification of index or formula)	

*This is a margin we have used recently, your margin may be different.

**This is the amount of a discount we have provided recently; your loan may be discounted by a different amount.]

Year	Index (%)	Margin (Percentage points)	Interest Rate (%)	Monthly Payment (\$)	Remaining Balance (\$)
1982					
1983					
1984					
1985					
1986					
1987					
1988					
1989					
1990					
1991					
1992					
1993					
1994					
1995					
1996					

Note: To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, in 1996 the monthly payment for a mortgage amount of \$60,000 taken out in 1982 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \underline{\hspace{1cm}} = \$\underline{\hspace{1cm}}$ per month.)

H-4(D)—Variable-Rate Model Clauses

Your new interest rate will be _____%, which is based on an index value of _____%.

Your previous interest rate was _____%, which was based on an index value of _____%.

[The new interest rate does not reflect a change of _____ percentage point in the index value which was not added because of _____.]

[The new payment will be \$_____.]

[Your new loan balance is \$_____.]

[Your (new) (existing) payment will not be sufficient to cover the interest due and the difference will be added to the loan amount. The payment amount needed to pay your loan in full by the end of the term at the new interest rate is \$_____.]

[The following interest rate adjustments have been implemented this year without changing your payment: _____.]

These interest rates were based on the following index values: _____.]

H-4(E) Fixed Rate Mortgage Interest Rate and Payment Summary Model Clause**INTEREST RATE AND PAYMENT SUMMARY**

	Rate & Monthly Payment
Interest Rate	____%
Principal + Interest Payment	\$ ____
Est. Taxes + Insurance (Escrow)	\$ ____
• [Includes [Private] Mortgage Insurance]	
Total Est. Monthly Payment	\$ ____

H-4(F) Adjustable-Rate Mortgage or Step-Rate Mortgage Interest Rate and Payment Summary Model Clause**INTEREST RATE AND PAYMENT SUMMARY**

	INTRODUCTORY Rate & Monthly Payment (for first (period))	[MAXIMUM during FIRST FIVE YEARS (date)]	MAXIMUM EVER (as early as (date))
Interest Rate	____%	[____%]	____%
Principal + Interest Payment	\$ ____	[\$ ____]	\$ ____
Est. Taxes + Insurance [(Escrow)]	[\$ ____]	[\$ ____]	[\$ ____]
• [Includes [Private] Mortgage Insurance]			
Total Est. Monthly Payment	\$ ____	[\$ ____]	\$ ____

H-4(G) Mortgage with Negative Amortization Interest Rate and Payment Summary Model Clause**INTEREST RATE AND PAYMENT SUMMARY**

[This loan offers you several monthly payment options. The table below shows you what your payments would be under two of these options if the interest rate reached its maximum of ____% in the (period) of this loan.]

[All payments shown in the table include \$____ for estimated taxes and insurance [(escrow)].

	(Date) [(period) [intro]]	[(Date) (1st adjustment)]	[(Date) (2nd adjustment)]	(Date) + every (period) after
Maximum Interest Rate	____% [(intro rate)]	____%	____%	____% (max. ever)
Full Payment Option <i>Monthly payments cover all principal and interest.</i>	\$____	[\$____]	[\$____]	\$____
Minimum Payment Option <i>Initial monthly payments cover no principal and only some interest and increase your loan amount.</i>	\$____	[\$____]	[\$____]	\$____

*You will borrow an additional \$____ by (date)
if you make only minimum payments on this loan.*

H-4(H) Fixed Rate Mortgage with Interest Only Interest Rate and Payment Summary Model Clause**INTEREST RATE AND PAYMENT SUMMARY**

	INTRODUCTORY Rate & Monthly Payment (for first ____ years)	MAXIMUM EVER (as early as ____)
Interest Rate	____%	____%
Principal Payment	- none -	\$____
Interest Payment	\$____	\$____
Est. Taxes + Insurance (Escrow)	\$____	\$____
Total Est. Monthly Payment	\$____	\$____

H-4(I)—INTRODUCTORY RATE MODEL CLAUSE

[Introductory Rate Notice

You have a discounted introductory rate of ____% that ends after (period).

In the (period in sequence), even if market rates do not change, this rate will increase to ____%.]

H-4(J)—BALLOON PAYMENT MODEL CLAUSE

[Final Balloon Payment due (date):
\$____]

**H-4(K)—“NO-GUARANTEE-TO-REFINANCE”
STATEMENT MODEL CLAUSE**

There is no guarantee that you will be able to refinance to lower your rate and payments.

H-5—Demand Feature Model Clauses

This obligation [is payable on demand.]
[has a demand feature.]

[All disclosures are based on an assumed maturity of one year.]

H-6—Assumption Policy Model Clause

Assumption: Someone buying your house [may, subject to conditions, be allowed to] [cannot] assume the remainder of the mortgage on the original terms.

H-7—Required Deposit Model Clause

The annual percentage rate does not take into account your required deposit.

H-8—Rescission Model Form (General)

NOTICE OF RIGHT TO CANCEL

Your Right to Cancel

You are entering into a transaction that will result in a {mortgage/lien/ security interest} {on/in} your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

- (1) the date of the transaction, which is _____; or
- (2) the date you received your Truth in Lending disclosures; or
- (3) the date you received this notice of your right to cancel.

If you cancel the transaction, the {mortgage/lien/security interest} is also cancelled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the {mortgage/lien/security interest} {on/in} your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

How to Cancel

If you decide to cancel this transaction, you may do so by notifying us in writing, at

(creditor's name and business address).

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no

later than midnight of _____ (date)
(or midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Consumer's Signature

Date

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**H–9—RESCISSIION MODEL FORM (REFINANCING
WITH ORIGINAL CREDITOR)**

NOTICE OF RIGHT TO CANCEL

Your Right To Cancel

You are entering into a new transaction to increase the amount of credit previously provided to you. Your home is the security for this new transaction. You have a legal right under Federal law to cancel this new transaction, without cost, within three business days from whichever of the following events occurs last:

- (1) the date of this new transaction, which is _____; or
- (2) the date you received your new Truth in Lending disclosures; or
- (3) the date you received this notice of your right to cancel.

If you cancel this new transaction, it will not affect any amount that you presently owe. Your home is the security for that amount. Within 20 calendar days after we receive your notice of cancellation of this new transaction, we must take the steps necessary to reflect the fact that your home does not secure the increase of credit. We must also return any money you have given to us or anyone else in connection with this new transaction.

You may keep any money we have given you in this new transaction until we have done the things mentioned above, but you must then offer to return the money at the address below.

If we do not take possession of the money within 20 calendar days of your offer, you may keep it without further obligation.

How To Cancel

If you decide to cancel this new transaction, you may do so by notifying us in writing, at _____

(Creditor's name and business address).

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of _____

(Date) _____
(or midnight of the third business day following the latest of the three events listed above).

If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Consumer's Signature _____

Date _____

H-10—Credit Sale Sample

Big Wheel Auto		Alice Green			
ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small>	Amount Financed <small>The amount of credit provided to you or on your behalf.</small>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small>	Total Sale Price <small>The total cost of your purchase on credit, including your downpayment of</small> <div style="text-align: right;">\$ <u>1500 -</u></div>	
14.84 %	\$ 1496.80	\$ 6107.50	\$ 7604.30	\$ 9129.30	

You have the right to receive at this time an itemization of the Amount Financed.

☐ I want an itemization. ☒ I do not want an itemization.

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
36	\$ 211.23	Monthly beginning 6-1-81

Insurance
 Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Signature
Credit Life	\$ 120 -	I want credit life insurance. Signature <u>Alice Green</u>
Credit Disability		I want credit disability insurance. Signature _____
Credit Life and Disability		I want credit life and disability insurance. Signature _____

Security: You are giving a security interest in:
☒ the goods being purchased.
☐ _____

Filing fees \$ 12.50 Non-filing insurance \$ _____

Late Charge: If a payment is late, you will be charged \$10.

Prepayment: If you pay off early, you
☐ may ☐ will not have to pay a penalty.
☒ may ☐ will not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

I have received a copy of this statement.

Alice Green 5-1-81
 Signature Date

e means an estimate

H-11—Installment Loan Sample

Friendly Bank & Trust Co. 700 East Street Little Creek, USA	Lisa Stone 22-4859-22 300 Maple Avenue Little Creek, USA
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ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small>	Amount Financed <small>The amount of credit provided to you or on your behalf.</small>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small>
12 %	\$ 675.31	\$ 5000-	\$ 5675.31

You have the right to receive at this time an itemization of the Amount Financed.
☐ I want an itemization. ☒ I do not want an itemization.

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
1	\$262.03 ^e	6/1/81
23	\$235.36	Monthly beginning 7/1/81

Late Charge: If a payment is late, you will be charged \$5 or 10% of the payment, whichever is less.

Prepayment: If you pay off early, you ☒ may ☐ will not have to pay a penalty.

Required Deposit: The annual percentage rate does not take into account your required deposit.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

^e means an estimate

H-12—Refinancing Sample

Everyone's Credit Union Date: April 1, 1981

ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small>	Amount Financed <small>The amount of credit provided to you or on your behalf.</small>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small>
15 %	\$1285.06	\$5177.73	\$6462.79

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
35	\$179.53	monthly starting 5-1-81
1	\$179.24	4-1-84

Insurance
Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Signature
Credit Life		I want credit life insurance. Signature _____
Credit Disability	\$177.73	I want credit disability insurance. Signature <u>Joseph Day</u>

Security: You are giving a security interest in: ☐ the goods or property being purchased. ☒ your automobile.

Late Charge: If a payment is late, you will be charged 20% of the interest due with a minimum charge of \$.05.

Prepayment: If you pay off early, you will not have to pay a penalty.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

_____ means an estimate

Itemization of the Amount Financed of \$ 5177.73

\$ 1000- Amount given to you directly
 \$ 3000- Amount paid on your account

Amount paid to others on your behalf

\$ <u>500-</u>	to public officials
\$ <u>500-</u>	to <u>Coop Credit Union</u>
\$ <u>500-</u>	to <u>Acme Finance Co.</u>
\$ <u>177.73</u>	to <u>Pan-Galactic Ins. Co.</u>
\$ _____	for credit report
\$ _____	Prepaid finance charge

H-13—Mortgage with Demand Feature Sample

Mortgage Savings and Loan Assoc. Date: April 15, 1981		Glenn Jones 700 Oak Drive Little Creek, USA	
ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> <div style="text-align: right; font-size: 1.2em;">14.85 %</div>	FINANCE CHARGE <small>The dollar amount the credit will cost you.</small> <div style="text-align: right; font-size: 1.2em;">\$156,551.54</div>	Amount Financed <small>The amount of credit provided to you or on your behalf.</small> <div style="text-align: right; font-size: 1.2em;">\$44,605.66</div>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled.</small> <div style="text-align: right; font-size: 1.2em;">\$201,157.20</div>

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
360	\$558.77	Monthly beginning 6/1/81

This obligation has a demand feature.

You may obtain property insurance from anyone you want that is acceptable to Mortgage Savings and Loan Assoc.. If you get the insurance from Mortgage Savings and Loan Assoc. you will pay \$ 150/year

Security: You are giving a security interest in:
☒ the goods or property being purchased.
☐ _____

Late Charge: If a payment is late, you will be charged \$ N/A 5 % of the payment.

Prepayment: If you pay off early, you may have to pay a penalty.

Assumption: Someone buying your house may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

e means an estimate

H-14—VARIABLE-RATE MORTGAGE SAMPLE

This disclosure describes the features of the adjustable-rate mortgage (ARM) program you are considering. Information on other ARM programs is available upon request.

How Your Interest Rate and Payment Are Determined

- Your interest rate will be based on an index rate plus a margin.
 - Your payment will be based on the interest rate, loan balance, and loan term.
- The interest rate will be based on the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year (your index), plus our margin. Ask us for our current interest rate and margin.

—Information about the index rate is published weekly in the Wall Street Journal.

- Your interest rate will equal the index rate plus our margin unless your interest rate “caps” limit the amount of change in the interest rate.

How Your Interest Rate Can Change

- Your interest rate can change yearly.
- Your interest rate cannot increase or decrease more than 2 percentage points per year.
- Your interest rate cannot increase or decrease more than 5 percentage points over the term of the loan.

How Your Monthly Payment Can Change

- Your monthly payment can increase or decrease substantially based on annual changes in the interest rate.

- [For example, on a \$10,000, 30-year loan with an initial interest rate of 12.41 percent in effect in July 1996, the maximum amount that the interest rate can rise under this program is 5 percentage points, to 17.41 percent, and the monthly payment can rise from a first-year payment of \$106.03 to a maximum of \$145.34 in the fourth year. To see what your payment is, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example,

the monthly payment for a mortgage amount of \$60,000 would be: $\$60,000 \div \$10,000 = 6$; $6 \times 106.03 = \$636.18$ per month.)

- You will be notified in writing 25 days before the annual payment adjustment may be made. This notice will contain information about your interest rates, payment amount and loan balance.]

Example

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1982 to 1996. This does not necessarily indicate how your index will change in the future. The example is based on the following assumptions:

Amount	\$10,000				
Term	30 years				
Payment adjustment	1 year				
Interest adjustment	1 year				
Margin	3 percentage points				
Caps____ 2 percentage points annual interest rate					
____ 5 percentage points lifetime interest rate					
Index____ Weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year.					
Year (as of 1st week ending in July)	Index (%)	Margin* (percentage points)	Interest Rate (%)	Monthly Payment (\$)	Remaining Balance (\$)
1982	14.41	3	17.41	145.90	9,989.37
1983	9.78	3	**15.41	129.81	9,969.66
1984	12.17	3	15.17	127.91	9,945.51
1985	7.66	3	**13.17	112.43	9,903.70
1986	6.36	3	***12.41	106.73	9,848.94
1987	6.71	3	***12.41	106.73	9,786.98

1988	7.52	3	***12.41	106.73	9,716.88
1989	7.97	3	***12.41	106.73	9,637.56
1990	8.06	3	***12.41	106.73	9,547.83
1991	6.40	3	***12.41	106.73	9,446.29
1992	3.96	3	***12.41	106.73	9,331.56
1993	3.42	3	***12.41	106.73	9,201.61
1994	5.47	3	***12.41	106.73	9,054.72
1995	5.53	3	***12.41	106.73	8,888.52
1996	5.82	3	***12.41	106.73	8,700.37

*This is a margin we have used recently; your margin may be different.

**This interest rate reflects a 2 percentage point annual interest rate cap.

***This interest rate reflects a 5 percentage point lifetime interest rate cap.

NOTE: To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the monthly payment by that amount. (For example, in 1996 the monthly payment for a mortgage amount of \$60,000 taken out in 1982 would be: $\$60,000 \div \$10,000 = 6$; $6 \times \$106.73 = \640.38 .)

• You will be notified in writing 25 days before the annual payment adjustment may be made. This notice will contain information about your interest rates, payment amount and loan balance.]

H-15—Graduated Payment Mortgage Sample

Convenient Savings and Loan		Account number: 4862-88	
Michael Jones 500 Walnut Court, Little Creek USA			
ANNUAL PERCENTAGE RATE <small>The cost of your credit as a yearly rate.</small> <div style="font-size: 1.2em;">15.37 %</div>	FINANCE CHARGE <small>The dollar amount the credit will cost you</small> <div style="font-size: 1.2em;">\$177,970.44</div>	Amount Financed <small>The amount of credit provided to you or on your behalf</small> <div style="font-size: 1.2em;">\$43,777</div>	Total of Payments <small>The amount you will have paid after you have made all payments as scheduled</small> <div style="font-size: 1.2em;">\$221,548.44</div>
Your payment schedule will be:			
Number of Payments	Amount of Payments	When Payments Are Due	
12	\$446.62	Monthly beginning 6/1/81	
12	\$479.67	"	6/1/82
12	\$515.11	"	6/1/83
12	\$553.13	"	6/1/84
12	\$593.91	"	6/1/85
300	varying from \$637.68 to \$627.37	"	6/1/86
Security: You are giving a security interest in the property being purchased.			
Late Charge: If a payment is late, you will be charged 5% of the payment.			
Prepayment: If you pay off early, you <input checked="" type="checkbox"/> may <input type="checkbox"/> will not have to pay a penalty. <input checked="" type="checkbox"/> may <input type="checkbox"/> will not be entitled to a refund of part of the finance charge.			
Assumption: Someone buying your home cannot assume the remainder of the mortgage on the original terms.			
See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.			
<small>e means an estimate</small>			

H-16—Mortgage Sample

You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application.

If you obtain this loan, the lender will have a mortgage on your home.

YOU COULD LOSE YOUR HOME, AND ANY MONEY YOU HAVE PUT INTO IT, IF YOU DO NOT MEET YOUR OBLIGATIONS UNDER THE LOAN.

You are borrowing \$_____. (optional credit insurance is ☐ is not ☐ included in this amount).

The annual percentage rate on your loan will be: _____%.

Your regular [frequency] payment will be: \$_____.
[At the end of your loan, you will still owe us: \$ [balloon amount].]

[Your interest rate may increase. Increases in the interest rate could increase your payment. The highest amount your payment could increase is to \$_____.]

H-17(A) DEBT SUSPENSION MODEL CLAUSE

Please enroll me in the optional [insert name of program], and bill my account the fee of [insert charge for the initial term of coverage]. I understand that enrollment is not required to obtain credit. I also understand that depending on the event, the protection may only temporarily suspend my duty to make minimum payments, not reduce the balance I owe. I understand that my balance will actually grow during the suspension period as interest continues to accumulate.

[To Enroll, Sign Here]/[To Enroll, Initial Here].

X

H-17(B) DEBT SUSPENSION SAMPLE

Please enroll me in the optional [name of program], and bill my account the fee of \$200.00. I understand that enrollment is not required to obtain credit. I also understand that depending on the event, the protection may only temporarily suspend my duty to make minimum payments, not reduce the balance I owe. I understand that my balance will actually grow during the suspension period as interest continues to accumulate.

To Enroll, Initial Here.

X

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[Creditor Name]
[Creditor Address]
[Creditor Phone Number]

Loan Interest Rate & FeesYour **starting interest rate** will be between

% and %

After the starting rate is set, your rate will then vary with the market

Your Starting Interest Rate (upon approval)

The starting interest rate you pay will be determined after you apply. [Description of how starting rate is determined]. If approved, we will notify you of the rate you qualify for within the stated range.

Your Interest Rate during the life of the loan

Your rate is variable. This means that your rate could move lower or higher than the rates on this form. The variable rate is based upon the [Index] Rate (as published in the [source of index]). For more information on this rate, see the reference notes.

[Indication of maximum rate or lack thereof]

Loan Fees

[Itemization of fees]

Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon [number of repayment options] repayment options available to you while enrolled in school.

Repayment Option (while enrolled in school)	Amount Provided (amount provided directly to you or your school)	Interest Rate (highest possible starting rate)	Loan Term (how long you have to pay off the loan)	Total Paid over [term of loan] (includes associated fees)
1. [REPAYMENT OPTION] [Description]	\$10,000	[Rate]	[Loan Term] [description of when repayment begins]	[Total Cost]
2. [REPAYMENT OPTION] [Description]	\$10,000	[Rate]	[Loan Term] [description of when repayment begins]	[Total Cost]
3. [REPAYMENT OPTION] [Description]	\$10,000	[Rate]	[Loan Term] [description of when repayment begins]	[Total Cost]

About this example

[Description of example assumptions]

[Description of other loan terms, if applicable]

Federal Loan Alternatives

Loan program	Current Interest Rates by Program Type
PERKINS for Students	[Rate] fixed
STAFFORD for Students	[Rate] fixed Undergraduate subsidized
	[Rate] fixed Undergraduate unsubsidized & Graduate
PLUS for Parents and Graduate / Professional Students	[Rate] fixed Federal Family Education Loan
	[Rate] fixed Federal Direct Loan

You may qualify for Federal education loans.

For additional information, **contact your school's financial aid office or the Department of Education at**

www.federalstudentaid.ed.gov

Next Steps

1. Find Out About Other Loan Options.

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the Department of Education's web site at: www.federalstudentaid.ed.gov for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

You may get the certification form from your school's financial aid office. If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law and the variable interest rate may change based on the market).

REFERENCE NOTES**Variable Interest Rate**

- [Variable interest rate information, if applicable]

Eligibility Criteria

- [Description of eligibility criteria]

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

More information about loan eligibility and repayment deferral or forbearance options is available in your loan application and loan agreement.

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BORROWER:
[Borrower Name]
[Borrower Address]

CREDITOR:
[Creditor Name]
[Creditor Address]

Loan Rates & Estimated Total Costs

Total Loan Amount	Interest Rate	Finance Charge	Total of Payments
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
The total amount you are borrowing.	Your current interest rate.	The estimated dollar amount the credit will cost you.	The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	[Amount]
Amount paid to others on your Behalf:	+ [Amount]
• [Institution Name]	
Amount Financed [Description]	= [Amount]
Initial finance charges (total)	+ [Amount]
• [Charge Type], [Amount]	
• [Charge Type], [Amount]	
Total Loan Amount	= [Amount]

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the [Index] Rate (as published in the [source of index]). For more information on this rate, see reference notes.

• Although your rate will vary, it will never exceed [maximum interest rate] (the maximum allowable [by law] for this loan).

• Your **Annual Percentage Rate (APR)** is [Rate]. The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

• [Itemization of Fees, if applicable]

Estimated Repayment Schedule & Terms

[LOAN TERM]	[PAYMENT PERIOD, e.g. MONTHLY PAYMENTS]	
	at [Interest Rate]% the current interest rate of your loan	at [Maximum Rate]% the maximum interest rate possible for your loan
[Dates of Deferment Period, if applicable] deferment period	No payment required ([Amount of accrued interest] interest will accrue during this time)	No payment required (Interest will accrue during this time)
[Payment Due Dates] [number of monthly payments] monthly payments	[Payment Amount]	[Payment Amount]
[Payment Due Dates] [number of monthly payments] monthly payments	[Payment Amount]	[Payment Amount]

◀ The estimated Total of Payments at the Maximum Rate of Interest would be [Total Payment Amount].

Federal Loan Alternatives

Loan program	Current Interest Rates by Program Type	
PERKINS for Students	[Rate] fixed	
STAFFORD for Students	[Rate] fixed	Undergraduate subsidized
	[Rate] fixed	Undergraduate unsubsidized & Graduate
PLUS for Parents and Graduate / Professional Students	[Rate] fixed	Federal Family Education Loan
	[Rate] fixed	Federal Direct Loan

You may qualify for Federal education loans.

For additional information, contact your school's financial aid office or the Department of Education at

www.federalstudentaid.ed.gov

Next Steps & Terms of Acceptance

This offer is good until:

[Date of Acceptance Deadline]

1. Find Out About Other Loan Options.

Contact your school's financial aid office for more information.

2. You Have Until [Date of Acceptance Deadline] to Accept this Offer

The terms of this offer will not change except as permitted by law and the variable interest rate may change based on the market.

To Accept the Terms of this loan,

[Description of method of acceptance]

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the [Index Name], which is currently [Rate]. Your rate is calculated each month by adding a margin of [Margin Rate] to the [Index].
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- [Description of effect of an increase]

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- [Description of deferment options, if applicable]

Prepayments:

- [Prepayment disclosure]

Security

- You are giving a security interest in [description, if applicable]

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

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BORROWER:
[Borrower Name]
[Borrower Address]

CREDITOR:
[Creditor Name]
[Creditor Address]

RIGHT TO CANCEL

You have a right to cancel this transaction, without penalty, by midnight on [deadline for cancellation]. No funds will be disbursed to you or to your school until after this time. You may cancel by calling us at [Creditor Phone Number].

Loan Rates & Estimated Total Costs

Total Loan Amount	Interest Rate	Finance Charge	Total of Payments
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
The total amount you are borrowing.	Your current interest rate.	The estimated dollar amount the credit will cost you.	The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	[Amount]
Amount paid to others on your Behalf:	+ [Amount]
• [Institution Name]	
Amount Financed [Description]	= [Amount]
Initial finance charges (total)	+ [Amount]
• [Charge Type], [Amount]	
• [Charge Type], [Amount]	
Total Loan Amount	= [Amount]

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the [Index] Rate (as published in the [source of index]). For more information on this rate, see reference notes.

• There is no limit on the amount the interest rate can increase.

• **Your Annual Percentage Rate (APR) is [Rate].** The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

• [Itemization of Fees, if applicable]

Estimated Repayment Schedule & Terms

[LOAN TERM]	[PAYMENT PERIOD, e.g. MONTHLY PAYMENTS]	
	at [Interest Rate]% the current interest rate of your loan	No Maximum Rate example at 25%
[Dates of Deferment Period, if applicable] deferment period	No payment required ([Amount of accrued interest] interest will accrue during this time)	No payment required (Interest will accrue during this time)
[Payment Due Dates] [number of monthly payments] monthly payments	[Payment Amount]	[Payment Amount] (your payments will be higher if the rate increases above 25%)
[Payment Due Dates] [number of monthly payments] monthly payments	[Payment Amount]	[Payment Amount] (your payments will be higher if the rate increases above 25%)

◀ Though your loan does not have a maximum interest rate, an example rate of 25% has been used for comparative purposes.

The estimated Total of Payments if your rate rises to 25% would be [Total Payment Amount]. Your Total of Payments will be higher if rate increases above 25%.

REFERENCE NOTES**Variable Interest Rate:**

- Your loan has a variable Interest Rate that is based on a publicly available index, the [Index Name], which is currently [Rate]. Your rate is calculated each month by adding a margin of [Margin Rate] to the [Index].
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- [Description of effect of an increase]

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- [Description of deferment options, if applicable]

Prepayments:

- [Prepayment disclosure]

Security

- You are giving a security interest in [description, if applicable]

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

H-21 Private Education Loan Application and Solicitation Sample

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First ABC Bank
 12345 1st St.
 Anytown, CA 93120
 (800) 555 - 5555

Loan Interest Rate & Fees

Your starting interest rate will be between

7.375% and 17.375%

After the starting rate is set, your rate will then vary with the market

Your Starting Interest Rate (upon approval)

The starting interest rate you pay will be determined after you apply. It will be based upon your credit history and other factors (co-signer credit, school type, etc). If approved, we will notify you of the rate you qualify for within the stated range.

Your Interest Rate during the life of the loan

Your rate is variable. This means that your rate could move lower or higher than the rates on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see the reference notes.

Although the rate will vary after you are approved, it will **never exceed 25%** (the maximum allowable for this loan).

Loan Fees

Application Fee: \$15. **Origination Fee:** The fees that we charge to make this loan range from 0% to 3% of total loan amount. **Loan Guarantee Fee:** 0% to 3% of total loan amount. **Repayment Fee:** The fees we charge when you begin repayment range from 0% to 3.5% of the total loan amount. **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater. **Returned check charge:** up to \$25.

Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon three (3) different repayment options available to you while enrolled in school.

Repayment Option (while enrolled in school)	Amount Provided (amount provided directly to you or your school)	Interest Rate (highest possible starting rate)	Loan Term (how long you have to pay off the loan)	Total Paid over 20 years (includes associated fees)
1. DEFER PAYMENTS Make no payments while enrolled in school. Interest will be charged and added to your loan	\$10,000	17.375%	20 years starting after the deferment period	\$81,084
2. PAY ONLY THE INTEREST Make interest payments but defer payments on the principal amount while enrolled in school.	\$10,000	17.375%	20 years starting after the deferment period	\$50,707
3. MAKE FULL PAYMENTS Pay both the principal and interest amounts while enrolled in school.	\$10,000	17.375%	20 years starting after your first payment	\$38,180

About this example

The repayment example assumes that you remain in school for 4 years and have a 6 month grace period before beginning repayment. It is based on the highest starting rate currently charged and associated fees. For loan amounts up to \$20,000, repayment will last 20 years, starting once the initial principal payment is made. For loan amounts more than \$20,000 repayment will last 30 years, starting once the initial principal payment is made.

Federal Loan Alternatives

Loan program	Current Interest Rates by Program Type	
PERKINS for Students	5% fixed	
STAFFORD for Students	5.6% fixed	Undergraduate subsidized
	6.8% fixed	Undergraduate unsubsidized & Graduate
PLUS for Parents and Graduate / Professional Students	8.5% fixed	Federal Family Education Loan
	7.9% fixed	Federal Direct Loan

You may qualify for Federal education loans.

For additional information, contact your school's financial aid office or the Department of Education at:

www.federalstudentaid.ed.gov

Next Steps

1. Find Out About Other Loan Options.

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the Department of Education's web site at: www.federalstudentaid.ed.gov for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

You may get the certification form from your school's financial aid office. If you are approved for this loan, the loan terms will be available for 30 days (terms will not change during this period, except as permitted by law and the variable interest rate may change based on the market).

REFERENCE NOTES

Variable Interest Rate

- This loan has a variable interest rate, that is based on a publicly available index, the London Interbank Offered Rate (LIBOR). Your rate will be calculated each month by adding a margin between 3% and 13% to the LIBOR.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time.

Eligibility Criteria Borrower

- Must be enrolled at an eligible school at least half-time.
- Must be 18 years or older at the time you apply.

Co-signers

- Rates are typically higher without a co-signer.
- Must be 18 years or older at the time of loan application.

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

More information about loan eligibility and repayment deferral or forbearance options is available in your loan application and loan agreement.

H-22 Private Education Loan Approval Sample

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BORROWER:
Christopher Smith Jr.
1492 Columbus Way
Plymouth, MA 02360

CREDITOR:
First ABC Bank
12345 1st St
Anytown, CA 93120

Loan Rates & Estimated Total Costs

Total Loan Amount	Interest Rate	Finance Charge	Total of Payments
\$10,600.00	7.375%	\$18,541.24	\$ 28,541.24
The total amount you are borrowing.	Your current interest rate.	The estimated dollar amount the credit will cost you.	The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$0.00
Amount paid to others on your Behalf:	+ \$10,000
• ABC State University	
Amount Financed (total amount provided)	= \$10,000
Initial finance charges (total)	+ \$600
• Origination Fee (\$300)	
• Loan Guarantee Fee (\$300)	
Total Loan Amount	= \$10,600

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see reference notes.

• Although your rate will vary, it will never exceed 25% (the maximum allowable for this loan).

• **Your Annual Percentage Rate (APR) is 8.23%.** The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

- **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater.
- **Returned check charge:** up to \$25.
- **Fee when you begin repaying the loan:** 3.5% of loan balance.

Estimated Repayment Schedule & Terms

20 YEAR LOAN TERM	MONTHLY PAYMENTS		◀ The estimated Total of Payments at the Maximum Rate of Interest would be \$154,928.
	at 7.375% the current interest rate of your loan	at 25% the maximum interest rate possible for your loan	
Sept. 1, 2009 - Oct. 31, 2013 deferment period	No payment required (\$3,799.67 in interest will accrue during this time)	No payment required (Interest will accrue during this time)	
Nov. 1, 2013 - Sept. 30, 2033 239 monthly payments	\$118.93	\$645.41	
Oct. 1, 2033 1 monthly payment	\$116.97	\$674.63	

Federal Loan Alternatives

Loan program	Current Interest Rates by Program Type	
PERKINS for Students	5% fixed	
STAFFORD for Students	5.6% fixed	Undergraduate subsidized
	6.8% fixed	Undergraduate unsubsidized & Graduate
PLUS for Parents and Graduate / Professional Students	8.5% fixed	Federal Family Education Loan
	7.9% fixed	Federal Direct Loan

You may qualify for Federal education loans.

For additional information, contact your school's financial aid office or the Department of Education at:

www.federalstudentaid.ed.gov

Next Steps & Terms of Acceptance

This offer is good until:

August 1, 2009

1. Find Out About Other Loan Options.

Contact your school's financial aid office for more information.

2. You Have Until August 1, 2009 to Accept this Offer

The terms of this offer will not change except as permitted by law and the variable interest may change based on the market.

To Accept the Terms of this loan, contact us at

First ABC Bank
12345 1st St.
Anytown, CA 93120
(800) 555 - 5555

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the London Interbank Offered Rate (LIBOR), which is currently 4.375%. Your rate is calculated each month by adding a margin of 3% to the LIBOR.
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 25%.
- If the Interest Rate increases your monthly payments will be higher.

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- Although you elected to postpone payments, you can still make payments while you are in school. You can also choose to change your deferment choice to: Pay Interest Only or Make Full Payments. More information about repayment deferral or forbearance options is available in your loan agreement.

Prepayments:

- If you pay the loan off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

H-23 Private Education Loan Final Sample

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BORROWER:
Christopher Smith Jr.
1492 Columbus Way
Plymouth, MA 02360

CREDITOR:
First ABC Bank
12345 1st St
Anytown, CA 93120
(800) 555 - 5555

RIGHT TO CANCEL

You have a right to cancel this transaction, without penalty, by midnight on August 4, 2009. No funds will be disbursed to you or to your school until after this time. You may cancel by calling us at 800-555-5555.

Loan Rates & Estimated Total Costs

Total Loan Amount	Interest Rate	Finance Charge	Total of Payments
\$10,600.00	7.375%	\$18,541.24	\$ 28,541.24
The total amount you are borrowing.	Your current interest rate.	The estimated dollar amount the credit will cost you.	The estimated amount you will have paid when you have made all payments.

ITEMIZATION OF AMOUNT FINANCED

Amount paid to you	\$0.00
Amount paid to others on your Behalf:	+ \$10,000
• ABC State University	
Amount Financed (total amount provided)	= \$10,000
Initial finance charges (total)	+ \$600
• Origination Fee (\$300)	
• Loan Guarantee Fee (\$300)	
Total Loan Amount	= \$10,600

ABOUT YOUR INTEREST RATE

• **Your rate is variable.** This means that your actual rate varies with the market and could be lower or higher than the rate on this form. The variable rate is based upon the LIBOR Rate (as published in the *Wall Street Journal*). For more information on this rate, see reference notes.

• There is no limit on the amount the interest rate can increase.

• **Your Annual Percentage Rate (APR) is 8.23%.** The APR is typically different than the Interest Rate since it considers fees and reflects the cost of your loan as a yearly rate. For more information about the APR, see reference notes.

FEES

- **Late Charge:** 5% of the amount of the past due payment, or \$25, whichever is greater.
- **Returned check charge:** up to \$25.
- **Fee when you begin repaying the loan:** 3.5% of loan balance.

Estimated Repayment Schedule & Terms

20 YEAR LOAN TERM	MONTHLY PAYMENTS	
	at 7.375% the current interest rate of your loan	No Maximum Rate example at 25%
Sept. 1, 2009 - Oct. 31, 2013 deferment period	No payment required (\$3,799.67 in interest will accrue during this time)	No payment required (Interest will accrue during this time)
Nov. 1, 2013 - Sept. 30, 2033 239 monthly payments	\$118.93	\$645.41 (your payments will be higher if the rate increases above 25%)
Oct. 1, 2033 1 monthly payment	\$116.97	\$674.63 (your payments will be higher if the rate increases above 25%)

◀ Though your loan does not have a maximum interest rate, an example rate of 25% has been used for comparative purposes.

The estimated **Total of Payments** if your rate rises to 25% would be **\$154,928**. Your Total of Payments will be higher if rate increases above 25%.

REFERENCE NOTES

Variable Interest Rate:

- Your loan has a variable Interest Rate that is based on a publicly available index, the London Interbank Offered Rate (LIBOR), which is currently 4.375%. Your rate is calculated each month by adding a margin of 3% to the LIBOR.
- The Interest Rate may be higher or lower than your Annual Percentage Rate (APR) because the APR considers certain fees you pay to obtain this loan, the Interest Rate, and whether you defer (postpone) payments while in school.
- The rate will not increase more than once a month, but there is no limit on the amount that the rate could increase at one time. Your rate will never exceed 25%.
- If the Interest Rate increases your monthly payments will be higher.

Bankruptcy Limitations

- If you file for bankruptcy you may still be required to pay back this loan.

Repayment Options:

- Although you elected to postpone payments, you can still make payments while you are in school. You can also choose to change your deferment choice to: Pay Interest Only or Make Full Payments. More information about repayment deferral or forbearance options is available in your loan agreement.

Prepayments:

- If you pay the loan off early, you will not have to pay a penalty. You will not be entitled to a refund of part of the finance charge.

See your loan agreement for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

APPENDIX I TO PART 1026 [RESERVED]

APPENDIX J TO PART 1026—ANNUAL PERCENTAGE RATE COMPUTATIONS FOR CLOSED-END CREDIT TRANSACTIONS

(A) INTRODUCTION

(1) Section 1026.22(a) of Regulation Z provides that the annual percentage rate for other than open-end credit transactions shall be determined in accordance with either the actuarial method or the United States Rule method. This appendix contains an explanation of the actuarial method as well as equations, instructions and examples of how this method applies to single advance and multiple advance transactions.

(2) Under the actuarial method, at the end of each unit-period (or fractional unit-period) the unpaid balance of the amount financed is increased by the finance charge earned during that period and is decreased by the total payment (if any) made at the end of that period. The determination of unit-periods and fractional unit-periods shall be consistent with the definitions and rules in paragraphs (b)(3), (4) and (5) of this section and the general equation in paragraph (b)(8) of this section.

(3) In contrast, under the United States Rule method, at the end of each payment period, the unpaid balance of the amount financed is increased by the finance charge earned during that payment period and is decreased by the payment made at the end of that payment period. If the payment is less than the finance charge earned, the adjustment of the unpaid balance of the amount financed is postponed until the end of the next payment period. If at that time the sum of the two payments is still less than the total

earned finance charge for the two payment periods, the adjustment of the unpaid balance of the amount financed is postponed still another payment period, and so forth.

(B) INSTRUCTIONS AND EQUATIONS FOR THE ACTUARIAL METHOD

(1) General Rule

The annual percentage rate shall be the nominal annual percentage rate determined by multiplying the unit-period rate by the number of unit-periods in a year.

(2) Term of the Transaction

The term of the transaction begins on the date of its consummation, except that if the finance charge or any portion of it is earned beginning on a later date, the term begins on the later date. The term ends on the date the last payment is due, except that if an advance is scheduled after that date, the term ends on the later date. For computation purposes, the length of the term shall be equal to the time interval between any point in time on the beginning date to the same point in time on the ending date.

(3) Definitions of Time Intervals

(i) A period is the interval of time between advances or between payments and includes the interval of time between the date the finance charge begins to be earned and the date of the first advance thereafter or the date of the first payment thereafter, as applicable.

(ii) A common period is any period that occurs more than once in a transaction.

(iii) A standard interval of time is a day, week, semimonth, month, or a multiple of a